

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03  
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03  
SP-02 LAB-04 SIL-01 OMB-01 FMC-01 DODE-00 PM-04  
H-01 L-03 NSC-05 PA-01 PRS-01 SS-15 /084 W  
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R 281411Z MAR 77  
FM AMEMBASSY TEL AVIV  
TO SECSTATE WASHDC 5437

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E.O. 11652: N/A  
TAGS: ELAB, ECON, IS  
SUBJECT: DOCK WORKERS' STRIKE

REF: TEL AVIV 2122

1. FOLLOWING ALL-NIGHT NEGOTIATIONS BETWEEN THE HISTADRUT AND REPRESENTATIVES OF THE STRIKING DOCKERS, IT WAS AGREED MARCH 28 THAT: A) NORMAL WORK AT THE THREE PORTS IS TO BE RESUMED; B) PORT WORKERS WILL RECEIVE A 4-5PERCENT WAGE INCREASE (THE SAME AS THE ONE DEMANDED BY THE HISTADRUT FOR ALL INDUSTRIAL WORKERS); AND C) IF THE WORKERS AND THE PORTS AUTHORITY FAIL TO REACH AN AGREEMENT, THE HISTADRUT WILL ACT AS AN ARBITRATOR.

2. AT ITS REGULAR MEETING ON MARCH 27, THE CABINET DISCUSSED THE STRIKE AND ESTABLISHED A MINISTERIAL TEAM TO DEAL WITH THE STRIKE. THIS SPECIAL COMMITTEE, HEADED BY THE PRIME MINISTER, IS MEETING TODAY TO DECIDE WHETHER TO ACCEPT THE HISTADRUT-WORKERS AGREEMENT. IN THE MEANTIME, EILAT PORT WORKERS HAVE RESUMED NORMAL WORK, WHILE WORK AT THE PORTS OF ASHDOD AND HAIFA REMAINS AT ABOUT 40 PERCENT OF CAPACITY.

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3. THE PROPOSED AGREEMENT PLACES THE GOI IN A DIRECT CONFRONTATION WITH THE HISTADRUT. IF THE GOVERNMENT ACCEPTS THE AGREEMENT, IT WILL INEVITABLY MEAN A SIMILAR WAGE ADJUSTMENT FOR ALL INDUSTRIAL WORKERS IN THE COUNTRY--A DEMAND WHICH THE GOVERNMENT AND EMPLOYERS HAVE SO FAR REJECTED. (IT IS ESTIMATED THAT THE PORT

WORKERS' INCREASE, IF SPREAD THROUGH THE ECONOMY, WOULD INCREASE INFLATION BY 3 PERCENT). ON THE OTHER HAND, IF THE GOVERNMENT DECIDES TO REJECT THE AGREEMENT, THE WORKERS CAN CONTINUE WITH THEIR INDUSTRIAL ACTION (I.E., THE SLOWDOWN) WITH THE KNOWLEDGE THAT THE HISTADRUT HAS AGREED TO THEIR DEMANDS.

4. COMMENT: CLEARLY, RECENT DEVELOPMENTS AT THE PORTS HIGHLIGHT AGAIN THE WEAKNESS OF THE HISTADRUT AND ITS LOSS OF AUTHORITY: AT A TIME WHEN THE HISTADRUT IS IN THE MIDDLE OF NEGOTIATIONS WITH THE GOVERNMENT ON A WAGE INCREASE FOR ALL INDUSTRIAL WORKERS, A SINGLE GROUP (THE PORT WORKERS) HAS DECIDED "TO GO IT ALONE" WITHOUT EVEN CONSULTING THE HISTADRUT.

5. THE GOI'S HANDLING OF THE SITUATION HAS ALSO COME UNDER CRITICISM. IT IS ARGUED THAT FIRM ACTION BY THE GOVERNMENT, RIGHT AT THE OUTSET OF THE DISPUTE, WOULD HAVE PREVENTED ANY FURTHER ESCALATION. WHETHER THE GOVERNMENT COULD HAVE TAKEN EFFECTIVE ACTION OR NOT, THE PERCEPTION OF THE ISRAELI PUBLIC WILL PROBABLY BE THAT THE GOVERNMENT'S INACTION IS ANOTHER ILLUSTRATION OF THE WEAKNESS OF THE RABIN GOVERNMENT. IN THE MEAN-TIME, LOSSES TO THE CITRUS INDUSTRY CONTINUE TO MOUNT. DUNNIGAN

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